

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2989 - SB 2886

February 9, 2010

SUMMARY OF BILL: Requires interest to be paid to pension and retirement beneficiaries when such benefits, or any portion thereof, have not been paid for any reason to an entitled beneficiary, with a retroactive provision for benefits payable since January 1, 2006.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$509,300

Increase Federal Expenditures - \$91,100

Increase Local Expenditures - \$157,400*

Assumptions:

- According to TCRS, the total recurring liability is approximately \$757,800 per year (\$364,400 for state employees; \$393,400 teachers).
- Funding ratio for state employee cost is 75 percent state and 25 percent federal.
- K-12 teachers reflect a 60 percent – 40 percent ratio between state and local funding.
- The increase to state expenditures is estimated to be \$509,300 per year $[(\$364,400 \times 75.0\%) + (\$393,400 \times 60.0\%) = \$509,340]$.
- The increase to federal expenditures is estimated to be \$91,100 per year $(\$364,400 \times 25.0\% = \$91,100)$.
- The increase to local government expenditures is estimated to be \$157,400 per year $(\$393,400 \times 40.0\% = \$157,360)$.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

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